

REPORT

CRAFS/GRAIN/Re:Common
November 2013

WHO IS BEHIND SENHUILE- SENETHANOL?



Road approaching Senethanol facility at Ndiael: concerns have been mounting over possible connections between this controversial project and corporate crime.

A controversial foreign investment to produce agrofuels for Europe¹ on 20,000 ha of farmland in Senegal has angered communities and sparked violent clashes between peasants and the police. Concerns have also been mounting in Senegal over possible connections between the project and corporate crimes, specifically money laundering.² As this business venture, known locally as “the Senhuile-Senethanol projet”, is a socially important one in Senegal, and as similar concerns have been surfacing in other countries where land grabbing is taking place (Annex 1), the Group for Reflection and Land in Senegal (CRAFS), GRAIN and Re:Common decided to work together to investigate.³

We began by trying to figure out the people behind the project. This was no easy task. The identity of some of the investors turned out to be hidden both legally (in the US and Senegal) and politically (in Senegal and Italy).⁴ We had to tap professional investigators in several countries, as we could not obtain information that should be available and accessible to all through traditional methods.⁵ In our quest for information we got directly in touch with APIX, the Senegalese agency for the promotion of investments, but were asked to pay a bribe in order to obtain basic documents relating to the investors.⁶ We also looked at what role Italian legislation might be playing in the

1. [“Protocole d’accord” entre la communauté de Fanaye et la société Senethanol SA](#), 30 March 2011.

2. See IPAR, [“Impact des investissements agricoles italiens dans les biocarburants au Sénégal”](#), April 2012, and Walf Television, [“Senethanol accusée de blanchiment d’argent”](#), 12 June 2013.

3. CRAFS (Cadre de Refléxion et d’Action sur le Foncier au Sénégal) is a national alliance of 30 peasant and civil society organisations struggling for a participatory land reform in Senegal, GRAIN is a small international organisation involved in the fight against land grabbing globally and Re:Common is a small Italian association working to stop land grabbing by Italian companies.

4. In the US and Senegal, information about shareholders of limited liability companies or corporations (sociétés anonymes) is not available to the public.

5. El Hadji Malick Cissé in Senegal, Miranda Patrucic and Lejla Camdzic of the Organized Crime and Corruption Reporting Project at Investigative Dashboard in Bosnia-Herzegovina, Stefano Liberti in Italy and a few others.

6. On 25 May 2013, investigators from our team were told several times by APIX (Agence pour la promotion des investissements et grands travaux) staff that information they sought about the company was confidential. Then, the director of APIX called our investigators by phone and said that he would “personally take care of their case” if they would “take care of him”.

directions taken by these kinds of overseas agricultural projects (Annex 2).

After six months of research, we were able to uncover much of the complex web of questionable actors and shady legal structures that are connected to the project. Still, questions about the ultimate ownership of the project remain.

Figure 1 (below) lays out what we now know about the main actors and their connections in a visual format.

The project

The project was initiated by Senethanol SA, a Dakar-based company set up by Senegalese and foreign investors in 2010. Senethanol signed the original lease for 20,000 ha with the rural community of Fanaye to grow sweet potatoes for the production of biofuel for the European market. However, political tensions within the community and against the project degenerated into a violent conflict on 26 October 2011 that left two



Protest in Fanaye, Senegal

people dead, several dozens seriously wounded, and a country shocked. The project was quickly put on hold by President Abdoulaye Wade. Soon after, Macky Sall was elected president. By presidential decree, he re-approved and re-located the project to the Ndiel Nature Reserve, where he re-classified 20,000 hectares of forest land as agricultural land for use by the investors. Since then, the project has been implemented by Senhuile SA, a Dakar-based joint venture between Italy’s Tampieri Financial Group and Senethanol SA.

It is our understanding that the project no longer aims to produce biofuel, for technical and financial reasons. Instead, it aims to produce sunflower seeds (for export to Europe), peanut seeds (for the Senegalese state, to help overcome a sudden shortage) and animal feed (for the local communities affected by the project).

The project continues to be a lightning rod of tension and conflict. Thirty-seven villages are directly affected by it. Some find themselves suddenly surrounded by the project and cut off from their grazing lands and water sources, feeling dispossessed by the state and at a loss for how to survive.⁷ Others complain of harassment, eviction and poor compensation. In June 2013, three children lost their lives when they fell into a canal that was excavated to bring irrigation waters to the project's crops.⁸

While many burning questions surround this project, our task was to identify the investors behind it.⁹

The investors

The corporate structure we found behind the project can be seen as a kind of pyramid. At the base of the pyramid sits Senhuile SA, the company currently carrying out the project (see Figure 1 on next page).

Senhuile SA was set up in Dakar on 26 July 2011, at the same address as Senethanol, with a capital of CFA 10,000,000 (EUR 15,220). According to its majority shareholder, the Tampieri Financial Group, Senhuile's



7. Testimonies collected by Enda Pronat and recorded in the video "[Victimes de Ndiàël](#)", 30 April 2013. The people in the area are majority Fula, who are traditionally pastoralists.

8. Abdoulaye Sidy, "[Mort par noyade de trois enfants à Gnith](#)", Walfadjri, 7 June 2013.

9. Several reports assess the project itself. These include: IPAR et ActionAid, "[Impact des investissements agricoles italiens dans les biocarburants au Sénégal](#)", April 2012; COPAGEN, InterPares et RedTac, "[Étude participative sur les acquisitions massives de terres agricoles en Afrique de l'ouest : État des lieux : Cas du Sénégal](#)", forthcoming; and Oakland Institute, forthcoming (November 2013).



Woman walks past anti-Senethanol graffiti: "No to the project: 20,000 hectares, it's too much"

mission is "to obtain concessions for sunflower seed production for export to Italy."¹⁰ Its chief officers are Benjamin Dummai and Momath Bâ, the co-directors, as well as Gora Seck, the chair. According to Bâ, the entire project's budget is FCFA 100 billion (EUR 150 million).¹¹ The company is currently still testing which crops to produce on its 20,000 ha concession, of which only 5,000-6,000 ha have reportedly been cleared and planted so far. Still, it already boasts a 20% return on investment to its shareholders, according to Cheikh Tidiane Sy, the project coordinator.¹²

Benyamin (or Benjamin) Dummai is an Israeli-born and Brazilian-naturalised businessman. He has 30 years experience doing business in Latin America and Africa, in various sectors from energy to computers. In that process, he has run into conflict with the law. Dummai and his wife were found guilty of tax evasion in Brazil and he was charged by Brazilian authorities for financial fraud. Dummai has run various shell companies with partners who themselves have been implicated in a range of criminal activities. Besides being the CEO of Senhuile, Dummai also operates several of the companies involved in its ownership.

Gora Seck is a Senegalese businessman with a long history in various sectors, especially mining (phosphates). Chairman of the board of Senhuile, he is also CEO of more than half a dozen Senegalese firms including Carbomines Senegal SA Dakar, Cafe Senegal SA

10. Tampieri Financial Group 2011 annual financial report published on 11 May 2012.

11. Abou Kane, "[Momath Bâ, directeur des opérations de Senéthanol : « Si le projet était arrêté, ce serait dommage pour Fanaye »](#)", Walfadjri, 3 November 2011.

12. Cheikh Tidiane Sy, [Senhuile-Senéthanol Project Coordinator interviewed on "Questions Directes"](#), Dakar, 5 August 2013.

Dakar, and, since June 2013, Sen Semences. Carbomines and Cafe Senegal are co-directed by Seck and Ibrahima Basse, a high-level official in the Ministry of Mines and Industry. Seck is also director of African Minerals Corporation, a Senegalese mining company, and chairman of the Friends of Africa Foundation Senegal, which is carrying out the social component (reforestation, schools, health services, etc) of the Senhuile project.

Directly controlling Senhuile are two shareholders: Tampieri Financial Group SpA (51%) and Senethanol SA (49%).

Tampieri Financial Group is a large family-owned holding company set up in Italy in 1965. While they are largely involved in the domestic energy sector, the company representative we spoke to insisted that their interest in the Senhuile project is to create a stable and secure supply of raw materials, in this case sunflower seeds, for their edible oil business.¹³ They complain that agricultural commodity markets have been taken over by financial investors, at the expense of industrial operators, resulting in too much price volatility. To skirt this problem, they joined the project to access farmland in Africa, via a local partner, and produce their needed raw material at much more predictable and controllable costs. It is worth noting that Tampieri obtained two Italian bank credits totalling EUR 267,915 on behalf of Senhuile for the purchase of agricultural machinery for the project.

Senethanol SA is a company set up by Senegalese and foreign investors in Dakar on 14 July 2010 with CFA 100,000 (EUR 15,220) in assets. It is run by Benjamin Dummai as CEO and Mario Marcandelli as managing director, with Momath Bâ serving as director of operations. Senethanol was established to take advantage of the Senegalese government's new policy to support the development of biofuels as an alternative to fossil fuels. The company negotiated and signed the original lease for 20,000 ha in Fanaye to produce sweet potato, ethanol and animal feed. That agreement was shelved after the violent events of 26 October 2011.

Both Senhuile and Senethanol can be linked to a range of Senegalese interests through Gora Seck. One of these is the Senegalese chapter of the Friends of Africa Foundation, which is run by Seck. Friends of Africa are implementing the social component of the Senhuile project. Another connection is Ibrahima Basse, a high official in the Ministry of Mines who co-directs two companies with Gora Seck, one in mining and one in agribusiness. A third important connection is African

13. Interview conducted in August 2013 with Carlo Tampieri, sales manager of Tampieri Group and son of CEO Giovanni Tampieri.

Minerals Corporation, a mining company directed by Seck. All of these side companies share the same address as Senhuile and Senéthanol.

Box 1: Herrera's criminal connections

Harmodio Herrera has been directly connected to two high-level political scandals. One involved the Episcopal Conference of Costa Rica, which set up a shell company in Panama, directed by Herrera, to avoid paying taxes. The other one involved Luis Bárcenas, former treasurer of Spain's ruling People's Party.

Bárcenas used several shell companies in Panama, in which Herrera served as front man, to operate a slush fund that channelled up to EUR 22 million to Swiss bank accounts. Bárcenas was convicted of the charges – money laundering and tax fraud – in June 2013. Current Prime Minister Mariano Rajoy has also been implicated and is being subject to questioning.¹⁴

Bárcenas has also been accused of laundering EUR 3 million of the funds he transferred to Switzerland through a 30,000 ha lemon farm, called La Moraleja, that his predecessor as treasurer of the People's Party and supposed business partner Ángel Sanchís acquired in northern Argentina.¹⁵

The Bárcenas case also involves IGRA and Lilian De Mushett, who apparently set up yet another Panamanian shell company, Granda Global SA, to transfer some of the funds.

According to various legal documents, media reports and NGO analyses, Senethanol is controlled by two sets of interests: ABE Italia (75%) and "Senegalese investors" (25%).¹⁶ However, we believe that the company is controlled by ABE Int LLC (75%) and one Senegalese investor, Gora Seck (25%):

Agro Bioethanol Int LLC (ABE Int) is a shell company set up in New York on 1 October 2009 for the purpose

14. O. Lopez Fonseca, "El dueño del limonar argentino para el que trabajó Bárcenas acusa a Ruz y la UDEF de arruinar su finca", *VozPópuli*, 19 September 2013.

15. Certificate of Amendment of Articles of Organisation of Agro Bioethanol Int. LLC.

16. B-information report issued 31 May 2013.

of “any lawful business”.¹⁷ Its initial member was Wallace Oceania Ltd of New Zealand and its initial manager was Harmodio Herrera of Panama. At the time, Wallace’s sole director was Carolyn Melville who, together with her husband, directed thousands of shell companies in New Zealand and other tax havens around the world. Herrera was similarly registered as director of hundreds of shell companies in tax haven Panama, many of them including as director Ms. Lilian De Muschett and as agent the controversial Panamanian law firm Icaza, González-Ruiz & Alemán (IGRA).

In September 2011, the management of ABE Int was reassigned from Herrera to Benjamin Dummai.¹⁸ We do not know, however, who its shareholders are as this information is not accessible in the United States.

ABE Italia was set up – presumably by ABE Int LLC, its sole shareholder, to operate as an Italian subsidiary – in April 2011. It was initially directed and chaired by Enrico Storti, an Italian businessman, while Dummai was on the board. It appears to us that ABE Italia was set up to benefit from, and attract capital to, the Senethanol project – perhaps as a model that could be replicated in other countries with yet other biofuel land grab projects in Africa – but that this failed.

Storti brought several important connections to Senethanol. One of those was Development Agroindustrial Investment SpA (DAI), a company developing agribusiness operations in Africa, which Storti founded and chaired. (DAI is involved in largescale land deals to produce jatropha and rice in Mozambique.) According to Italian sources, DAI and Storti were interested in the Senethanol project for the cultivation of



Irrigation works, Ndiael

sweet potatoes for the biofuel market.¹⁹ DAI and ABE Italia links went beyond Storti, though; the two firms shared the same auditor, and DAI shareholder Fabrizio Piomboni sat on the board of ABE Italia. Another connection was Agricoma, a group of companies producing agricultural machinery, which Storti directs. Agricoma and Storti expected to sell EUR 14 million worth of agricultural machinery to the project in Senegal over a period of five years. According to Agricoma’s annual report of 2010, the first tranche for a value of EUR 700,000 was to be delivered in June 2011. However, the next year’s report no longer mentions the project in Senegal, suggesting the deal might have collapsed and that Agricoma may have been replaced by another supplier.

17. Articles of Organisation of Agro Bioethanol Int. LLC.

18. [A simple overview of the Bárcenas affair is available at Wikipedia.](#)

19. “Il bioetanolo prodotto in Senegal ha radici veronesi”, ASSIMP Informa, March-April 2011.

Something clearly went wrong. Storti left ABE Italia in 2012. Then, in January 2013, ABE Italia was put into liquidation. The liquidator, Giampaolo Dal Pian, spoke to us of “a deal gone bad” indicating that “there were problems with the President of ABE Italia”, but was unwilling to explain further.²⁰

The final 25% of Senethanol’s ownership is frequently attributed to one or several “Senegalese investors” who go unnamed. We asked APIX, the Chamber of Commerce and many well-placed sources in Senegal who these investors might be, but were denied the information or brushed off. This kind of secrecy arouses many suspicions. However, Benjamin Dummai himself stated to the press that the 25% belongs to Gora Seck and that makes sense to us.²¹

Questions and concerns

1. A failed biofuel project or something bigger?

The financial structure that we could decipher behind Senhuile points in the direction of a botched biofuel venture, where companies were set up – first in New York, then in Dakar, and then in Italy – to operate and profit from agrofuel production in Africa and failed, probably for a number of reasons. However, this does not explain why someone like Benjamin Dummai, who clearly led this process, would go through the trouble of hiring a prominent Panamanian law firm that is implicated in high-level corporate crimes and international political scandals to set up an anonymous shell company in New York to then run a string of small companies in Senegal and Italy to shoulder operations.

The New York structure at the top of the pyramid suggests that someone else is involved: that Dummai is serving as trustee or front man for someone or some people who do not want their names to be known or associated with this venture. Some speculate that these protected interests could be Senegalese politicians or Italian organisations or US investors, potentially from the mining or energy sector. But we do not know.

Also, we do not see any large sums of money moving through this structure, which might substantiate the concerns about money laundering. On the contrary, under the control of the New York outfit, we only see small companies with meagre assets of EUR 15,000-23,000. Even the massive deal that Agricoma apparently clinched to sell EUR 14 million worth of farm machinery to Senhuile seems to have fallen through

or been replaced by something else. Senhuile officials boast of impressive rates of return for their investors, specifically Tampieri, but the company does not actually produce much. So what is the purpose of all this?

We particularly wonder what Tampieri is doing in all this. There is nothing sinister about producing sunflower oil for the Italian food market. And while we absolutely condemn the underlying land grab involved, the question here is: why would a legitimate-looking family business like Tampieri get involved in such a shady structure with dubious business people?

2. Benjamin Dummai is central and his past is murky

Benjamin Dummai sits at the top of the corporate structure behind the Senhuile project as well as occupying top seats in many of the companies connected to the project. How did he get there?

As a businessman, he has been involved in a range of activities in Latin America and Africa, from computers to energy. Together with Jose Expedito de Sousa Araujo, Dummai was accused of financial fraud – use of false documents to obtain a loan – in Brazil and sentenced to prison, but after time limits were exhausted the charges were dropped. Together with his wife, Dummai was also declared guilty of tax evasion in Brazil for irregularities in the process of liquidating the company Enci Agroindustrial LTDA. The court of administrative justice required execution of the sentence. Finally, Dummai was also director of the Guinea Marketing Board from 1994 until 2000, which was then dissolved due to bankruptcy.

Before ABE International was set up, Dummai was involved in two companies with connections to Panama. He was CEO of Pranha LLC (registered in New York, run out of Brazil) and he was director of the Lugano, Switzerland, offices of Kerdol Enterprises (registered in Panama).²² Both companies have as directors or subscribers Andres Maximino Sanchez and John Benjamin Foster Acosta (listed as director of five New Zealand shell companies). Kerdol also has Myrna de Navarro as a director, with Alemán, Cordero, Galindo & Lee acting as an agent.

Myrna de Navarro, John Benjamin Foster and Andrés Maximino Sánchez all work with the Panamanian law firm Alemán, Cordero, Galindo & Lee which was involved in laundering money for former Chilean dictator Augusto Pinochet, and are considered “intermediary partners in various offshore corporations.”²³ The three of them were involved in a scandal in the use of

20. In a telephone conversation on 26 September 2013.

21. Emma Astou, “Sen-Ethanol, le projet agricole qui rend les Sénégalais fous de rage”, Slate.fr, 28 January 2013.

22. Benjamin Dummai profile at Databot, visited 3 Oct 2013.

23. “Panamá: Avanza investigación de empresas ligadas a Pinochet”, La Nación, 19 October 2005.

offshore and shell corporations in Brazil and the US by companies such as Cisco to allegedly commit tax and fiscal fraud in the amount of R\$1.5 billion (US\$ 735.5 million).²⁴ De Navarro is implicated in a money laundering scandal with Société Générale and the Libyan Investment Authority.²⁵ It is alleged that Société Générale paid a Panamanian company called Leinada Inc to act as an intermediary in a transaction involving the Libyan Investment Authority. One of the directors of this company is Myrna de Navarro and the company was domiciled with the firm Alemán, Cordero, Galindo & Lee. Sánchez is linked to other money laundering scandals involving the Peruvian military²⁶ and the Unión Tranviarios Automotor of Argentina.²⁷

Of course, this does not mean that Dummai had anything to do with these activities, but others connected with his companies did.

3. Gora Seck is also central and his relations with government officials raise doubts

The close business ties between Gora Seck, chair of Senhuile, and Ibrahima Basse, a government official from the Senegalese Ministry of Mines, raise questions. The two men co-direct two companies, one involved in coffee, the other in mining. The mining company, Carbomines Dakar SA, seems to have benefited from generous government support insofar as the state seems to have played a role in facilitating a partnership agreement between Carbomines and GreenOceans, a mining concern based in South Korea. The Senegalese government celebrates supporting the foreign investment deal for Carbomines.²⁸ And on GreenOceans' website we find photos of a visit to Korea from Carbomines/African Minerals Corporation, together with Senegalese state



representatives, involving both Seck and Basse.²⁹ The question is whether there is any conflict of interest here, given that a senior government official has some kind of stake in Carbomines.

The question is all the more disturbing in light of the allegedly close relationship between Basse and Ousmane Ngom, former Senegalese state minister for mines, currently under investigation for financial fraud. Did Ngom, state minister at the time, have any role in the establishment of Carbomines? What role do Senegalese mining interests really play in connection with the Senhuile project after all?

Conclusion

This study has made important steps in clarifying the financial structure behind the deeply controversial Senhuile project. Behind Senhuile are Tampieri (51%) and Senethanol (49%). Behind Senethanol are Benjamin Dummai (as director of ABE Int, 75%) and Gora Seck (25%).

But one central question remains unanswered: who is behind Benjamin Dummai? Who is he protecting, if anyone?

24. Colin Brayton, "[Cisco sour: The Panamanian connection](#)", 20 October 2007.

25. Woodward et Newton, "[SocGen : Nouveaux emmerdes à Panama...](#)", Bakchich, 15 September 2011.

26. Cesar Romero Calle, "[En total investigan a 40 personas. Otras cinco ya tienen orden de detención Pro](#)", La República, 2 February 2002.

27. Leonardo Nicosia, "[El líder de la UTA estaría vinculado a una firma offshore](#)", Periódico Tribuna, 21 November 2010.

28. Ministère des Mines, de l'Industrie et des PME, "[Exploitation de la tourbe des Niayes : Signature d'un important contrat entre le Sénégal et la Corée](#)", Dakar, 10 November 2010.

29. [세네갈 산업자원부 차관보 바세 일행 내한, \(주\)그린오션과 광산 및 전력사업 협의](#), January 2011.

Annex 1: Land grabbing, corruption & corporate crime

“The relationship between corruption and mismanagement of oil, gas and mineral resources has been well described within the broad literature on the “resource curse”. The relationship between corruption and the phenomenon of “land grabbing” however, is less well understood and its secretive nature limits estimations of corruption’s extension and characteristics.”

Global Witness, 2012³⁰

Concerns about links between large scale land acquisitions like Senhuile-Senethanol and business crime, whether carried out by private interests or public officials, have been raised by social movements in other countries.³⁰

In Kenya, the Indian firm Karuturi Global Ltd – which over the last few years has acquired long term rights over 300,000 ha of farmland in India, Kenya and Ethiopia for food and flower production – was found guilty of tax evasion in 2013.³¹ While the dossier was only made public in 2013, the Kenyan revenue authorities had been investigating unpaid taxes linked to transfer mispricing by Karuturi for several years. Karuturi is one of the biggest landholders in Ethiopia, where it has been accused of many wrongdoings, from practicing poor labour standards to complicity in human rights abuses.³² The finding of tax fraud in Kenya is not the only corporate crime on the company’s scorecard. Top Karuturi shareholders were more recently found guilty of insider trading in India.³³ At present, Karuturi’s existence in Kenya is

reportedly under threat due to financial collapse.³⁴

In Romania, the Lebanese holding company Maria Group – which recently got control of 20,000 ha of Romanian farmland to produce cereals for export to the Middle East – also has a criminal record. According to Eco Ruralis³⁵, Agro Chirnogi, a subsidiary of Maria Group, has been involved in financing election campaigns and then getting access to state land under the tenure of the successfully elected officials. Agro Chirnogi has also funded other political campaigns as well as football teams (same as Karuturi in Kenya). Its shareholders have been accused by the Romanian government itself as being responsible for tax evasion, smuggling and money laundering by the Group. These corporate crimes run parallel to the social, environmental and economic problems suffered daily by people around the project area (pollution, manipulation, etc).

In Colombia, land grabbing has become “one of the leading strategies” for laundering drug money, according to researchers and human rights courts.³⁶ In the 1980s and early 1990s, narco-traffickers channelled profits from the booming cocaine trade into massive

30. Megan McInnes, “Corruption and large-scale land acquisitions: an analysis of the role high level corruption plays in enabling elite capture of land”, paper presented at the international conference on Global Land Grabbing II, Cornell University, October 17-19, 2012.

31. Tax Justice Network et al, “Karuturi guilty of tax evasion”, 22 April 2013.

32. See for example Human Rights Watch, “Waiting here for death”, January 2012.

33. Press Trust of India, “Sebi imposes Rs 40 lakh fine on Karuturi Global’s entities”, 3 July 2013.

34. Constant Munda, “Firm wants Karuturi Flowers wound up”, The Star, 7 September 2013.

35. Judith Bouniol, “Scramble for land in Romania: Iron fist in a velvet glove”, in “Land concentration, land grabbing and people’s struggles in Europe”, TNI, 2013.

36. Jacobo Grajales, “Speaking law to land grabbing’: land contention and legal repertoire in Colombia”, Land Deals Politics Initiative, LDPI Working Paper 17, February 2013.

land acquisitions for agribusiness development.³⁷ From the 2000s until now, this has continued, with expansion into cattle ranching and, due to new “green” business interests around climate change, oil palm plantations. By 2003, the government’s own Court of Audits estimated that drug traffickers had bought four million hectares of fertile farmland, 48% of the country’s total, worth at least \$2.4 billion.³⁸ The court pointed out that given the rampant use of “front men”, the real figure is probably double (\$4.8 billion). In the Lower Atrato valley, in Chocó, much of the money laundering via oil palm plantations has been occurring through the improper acquisition of land titles – from disputable transfer of usufruct contracts to outright falsification of deeds – in which both legal and political authorities are considered complicit.³⁹

In Brazil, the National Rapporteur for Human Rights in Land, Territory and Food says that proceeds from drug trafficking and money laundering are being ploughed into land grabs in the Amazon.⁴⁰ The case of Brazilian banker Daniel Dantas, who has a very checkered history, is one example.⁴¹ Dantas is the founder of Opportunity Asset Management, a shareholder in Agropecuária Santa Bárbara Xinguara, one of the largest cattle ranchers in Brazil with more than 500,000 ha. The company has been accused of environmental crimes, slave labour, land grabbing and money laundering.⁴² Dantas himself has been convicted of attempting to bribe the police in relation to an investigation of his connection to money laundering and sentenced to prison.

In Argentina, Jorge Capitanich, a former government official in Buenos Aires and current provincial Governor of Chaco, was a founding partner of Fondagro, an investment fund which bought up lease rights to 22,000 ha of farmland for soybean, cotton and maize production.⁴³ In 2001, Capitanich’s partner

in Fondagro, Aldo Ducler, was investigated by the US Senate for laundering \$12 million in drug money, with the help of various US banks, for Mexico’s Juárez cartel. Other political and business personalities have also been accused of money laundering through Argentina’s massive soybean industry, a subsector aptly referred to as the “black soybean” market.

In Paraguay, several well known business and political leaders have been accused of being involved with a combination of narco-trafficking, landgrabbing and money laundering. Horacio Cartes, the current president, is one of them. Cartes, a millionaire who made his fortunes from tobacco and ranching, has served time for currency fraud, been questioned over links to drug smuggling and in 2010 was the subject of a money laundering investigation. In an April 2013 parliamentary session, a few months before taking office as President, he was accused of misappropriating public lands earmarked for agrarian reform beneficiaries.⁴⁴

In Cambodia, a social movement is challenging the enormous land grabs by domestic political elites and their international counterparts and promoters. More than two million hectares or 12% of Cambodia’s total land area has already been licensed to private companies for agro-industrial plantations, much of it in contravention of laws and standards in just the last few years. One notorious example is Ly Yong Phat, a tycoon and central figure in Cambodia’s sugar industry as well as a Senator with the Cambodian People’s Party, close to Prime Minister Hun Sen. Ly, who controls ten sugar and rubber plantations plus a special economic zone spanning 86,000 ha, has been systematically skirting Cambodia’s Land Law. The law limits land deals to 10,000 ha per concession, and restricts the total amount of land any one operator can hold to 10,000 ha.⁴⁵ In another well known case, more than 3,500 families living around Boeung Kak Lake in Phnom Penh have been evicted from their homes when the land was taken over by a company belonging to another Senator with the ruling CPP.⁴⁶ Even more recently, a land titling campaign initiated by Hun Sen himself has been severely criticised for being

37. Teo Ballvé, “Territory by dispossession: Decentralization, statehood, and the narco land-grab in Colombia”, paper presented at the International conference on global land grabbing, University of Sussex, 6-8 April 2011.

38. Agence France Presse, “Colombia: los narcos, dueños de la mitad de la tierra fértil”, 3 September 2003.

39. Jacobo Grajales, *op. cit.*

40. Sérgio Sauer, “Land grabbing in the Brazilian Amazon: a global perspective”, Land and Rights, Netherlands Organisation for Scientific Research, June 2012.

41. See [Daniel Dantas profile on Wikipedia](#).

42. Guilherme Zocchio, “Crônica de um assassinato no campo”, Repórter Brasil, 14 August 2013.

43. Nicolás Wiñazki, “Un jugador de pool a dos bandas”, Crítica de la Argentina, 6 June 2008.

44. See [Wikileaks](#), [Rebelión](#), and Agencia Pública de Periodismo Investigativo, “Offshore Leaks: por qué ligan con lavado de dinero al banco paraguayo de Horacio Cartes”, *América Economía*, 3 May 2013, and “Involucran a colorados con tierras fiscales”, *ABC*, 3 April 2013.

45. See Human Rights House, “Land grabbing in Cambodia: EU Trade Commissioner negligent of human rights abuse”, 5 July 2012 and Equitable Cambodia, “Bittersweet Harvest”, 2013.

46. See LICADHO: [Boeung Kak Lake](#).



Pumping sand into Boeung Kak Lake in Phnom Penh, where 3,500 families have been evicted from their homes. (Photo: International Alliance of Inhabitants)

politically driven.⁴⁷ Members of the international community refuse to act despite the regime fostering this culture of impunity around land grabbing. Cambodia's donors, who provide half of the country's budget, have declined to bring any pressure to bear, and the European Union refuses to withdraw the unilateral trade privileges that drive some of these deals.

In New Zealand, the Hong Kong Chinese investors Jack Chen and May Wang, who tried to take over the country's 8,000 ha Crafar Farms, have been charged back home with bribery, money laundering and fraud.⁴⁸

In France, in August 2013, Tracfin, a government anti-crime unit, raised red flags about possible money laundering by Russian, Chinese and Ukranian investors buying up French vineyards.⁴⁹

Links between business and crime are not new. What is new, and disturbing, is the emerging link between today's large scale agricultural land deals - which are almost always presented as delivering food security, jobs and development - and corporate crime. It exposes how criminals are not only using farmland as a financial asset and agroindustrial enterprises as legitimate business operations, but using farmers, landless workers, herders and other usually very poor rural citizens to conduct illegal and often unpunished activities. And as the 2008 financial crisis and its aftermath showed us, these illicit dealings - the amassing of ill gotten wealth, tax evasion, fraud, corruption and money laundering - form a hidden but significant part of today's global economy.

47. See Human Rights Watch, "[Cambodia: land titling campaign open to abuse](#)", 12 June 2013.

48. Fiona Rotherham, "[Would-be Crafar farm buyers lose court bid](#)", Business Day, 2 September 2013.

49. Mathieu Hervé, "[De l'argent sale russe et chinois dans le vignoble français ?](#)", Sud Ouest, 2 August 2013, and Anne-Sylvaine Chassany, "[French vineyard sales leave bitter taste amid laundering fears](#)", Financial Times, 18 August 2013.

Annex 2: Italy's National Action Plan for Renewable Energy: What implications for land grabbing in Africa?

The Italian state has earmarked 200 billion euros as incentives for the production of electricity from renewable sources over the next 20 years (2013-2032). This emerges from the latest incentive scheme for renewable energy introduced in July 2012, which refers to energy produced from biomass, biogas and bioliquids.⁵⁰

In concrete terms, this means there will be an avalanche of subsidies which strongly affects choices made in the energy sector. The financial burden will fall on the shoulders of Italian electricity users, who already face a hike of 7% in their electricity bills for renewables. But the most dramatic social, economic and environmental consequences will be felt thousands of kilometres away.

The biofuels boom

To implement the 1997 Kyoto Protocol, the European Parliament and Council approved in 2009 the Directive 2009/28/EC on the promotion of energy from renewable sources.⁵¹ This directive set two binding targets for 2020. The first was to reach 20% of the EU's energy consumption from renewable sources, allowing each Member State to fix their specific national target (17% in the case of Italy). The second was to reach 10% of the EU's transport energy consumption from renewable sources (biofuels).

As required by the Directive, in July 2010, Italy notified the European Commission of its "National Action Plan for Renewable Energies", which was set into national law through Legislative Decree No. 28 of 2011.

In Italy, the production of electricity from renewable sources has been financially encouraged by the state since 1992. However, since 2007, the incentives mechanism has assumed a much more prominent role, with

50. Ministry Decree 6 July 2012 - Implementation of Art. 24 of the legislative decree of 3 March 2011, no. 28 establishing incentives for the production of electricity from renewable sources other than solar. (12A07628) (Suppl. No Ordinary. 143).

51. The 2009/28/EC Directive was approved after amendments were made to the 2001/77/CE Directive, the first one being approved by the EU after Kyoto on the promotion of energy from renewable sources.

energy produced from biomass, biogas and bioliquids getting a specific and increased state subsidy. The Italian state budgets for 2007 and 2008 contained new subsidy schemes to specifically support the construction of facilities for the production of electricity through renewable sources, including biomass and biogas. Since then, hundreds of small-scale (less than one megawatt) power plants have been built all over the country, bolstered by the subsidy, with infrastructures costs of millions of Euros recouped very quickly. This way, the industrial groups building the plants could quickly earn profits at very little financial risk.

At the same time, talk about "short biomass supply chains", where feedstock is produced within a 70 km radius of the plant, made its appearance for the first time in the national legislation. The highest incentive was earmarked for biomass produced close to the electricity production facilities, or for biomass produced through agricultural production agreements. However, it was many years before the government established criteria for the traceability of the short supply chain through legislation.

The EU targets, plus the Italian subsidies, plus the legislative gap related to the traceability of the origin of raw materials opened a potentially extremely profitable business for Italian companies in the field of biomass production for burning in Italian power plants, or to be transformed and sold as biofuel.

Even after the traceability requirements and procedures for the production of electricity from biomass, granting higher incentives to short supply chains, were enacted by the Ministry of Agriculture, Food and Forestry in 2010, the Regional Authorities, who are supposed to implement the decree locally, are doing so with no coordination and in absence of a coherent national strategy, thus creating a very diverse scenario region by region.

The offshore effects of Italian policy

In this context, the fact that since 2007-2008 more than 20 Italian companies have laid their eyes on hundreds of thousands of hectares of agricultural land all

over the globe, mostly in Africa, to start pilot tests to produce biomass cannot be seen as a coincidence (Table 1).⁵² The companies themselves confirm this, with one example standing out strongly.

In August 2009, the head of development of the biomass sector at Tozzi Renewable Energy, an Italian company implicated in controversial projects for jatropha production in Senegal and Madagascar, explained that his company “initiated several projects for the construction of both solid and liquid biomass power plants in southern Italy. Since 2007, the need to develop our own biofuel supplies became strategic in order to deal with the growing price volatility [of raw materials]. With so much uncertainty, it had become very difficult to assess profitability and cash flows of the various projects and to negotiate any funding with banks.”⁵³

Regarding its land deal in Senegal, the Tozzi representative spoke of all the advantages: “In Senegal, the picture is positive. We are about to obtain a 50,000-hectare concession (under a 99-year lease contract) (...). We will be able to export our oil production; the government has only reserved the right to purchase part of our production at market prices. The government has also allowed us to import the materials and equipment needed for start-up duty-free.”⁵⁴

However, a few years later, evidence from the ground shows that both in Senegal and in Madagascar, Tozzi’s biofuel projects did not achieve much. In Senegal, after a failed attempt to relocate and re-launch the project, Tozzi decided to abandon the investment.⁵⁵ In Madagascar, where Tozzi aims to cultivate 100,00 ha by 2019 and currently has 6,558 ha, the communities’ opposition is on the rise and rumours about a “sudden change in the company’s business plan” have been spreading. Former project workers informed us that the jatropha project is being abandoned and that about five million jatropha seedlings were thrown away in the first months of 2013, as the “plan is now shifting, possibly towards the exploitation of the rich subsoil of the area.”⁵⁶

The uneven and inconsistent Italian legislative measures pushing renewable energy are very likely playing

a role in the apparently incoherent and contradictory behaviour of the companies abroad.

Back home, Tozzi chose the Region of Apulia, in southern Italy, as its preferred experimental field, where the company was aiming to build three large biomass power plants, largely opposed by the local communities concerned by the projects. In July 2008, the local authority in Apulia enacted a decree on the installation of power plants to produce energy from biomass.⁵⁷ It included norms on the traceability of raw materials to be burnt in such plants, imposing a mandatory minimum of 30% to be cultivated within 70 kilometres of the plant. While this left open the possibility for Tozzi to still import a significant amount of material from abroad, it offered financial and procedural incentives to use local biomass. Later on, Tozzi began pursuing production agreements with several local farmers’ unions to secure a constant supply of crops to be burnt at the Sant’Agata Power Plant. In July 2013, this plant received authorisation from the regional government to get the highest possible public subsidy. Does this have anything to do with Tozzi shelving its plans to produce jatropha in Madagascar and Senegal?

Connecting the dots

The fact that Italian companies took control of large swathes of land in Africa in 2007-2008 with a view to producing crops for biofuels is validated by facts on the ground. It is highly probable that this was driven by the incentive system set up under Italy’s National Action Plan for Renewable Energies. It is possible that recent changes in the companies’ business plans in several African countries stem from a recognition that jatropha is neither economically viable nor environmentally and socially sustainable. But it is also quite possible that companies are shifting away from large-scale agrofuel production in Africa, to be replaced by short chain local production, as a result of the patchy development of Italian legislation. The impact that this could have on other Italian biofuel land grabs in Africa, not to mention local substitution projects back home, must be closely monitored.

52. For details on Italy’s involvement in the global land grab see Re:Common, “Land Grabbers”, June 2012.

53. “Biocombustibili: in Africa l’Italia punta sulla Jatropha”, *Diplomazia Economica Italiana*, 7 August 2009.

54. *Ibid.*

55. ActionAid, “Il pieno che lascia a secco i poveri - La politica europea sui biocarburanti e il suo impatto sulla sicurezza alimentare e l’accesso alla terra nei Paesi poveri”, June 2012.

56. Interview held in March 2013 in Antananarivo with former Tozzi project workers.

57. Regione Puglia, “Regolamento per la realizzazione degli impianti di produzione di energia alimentata a biomasse”, *Regolamento regionale n.12/2008*.

Table 1: Italian land grabs for biofuels in Africa

Target country	Company	Planned investment (US\$ mln)	Planned land area (ha)	Crop
Algeria, Cameroon, Egypt, Equatorial Guinea, Ghana, Morocco, Mozambique, Senegal, Togo	Agroils		250,000	jatropha, rapeseed, sunflower
Angola	ENI		12,000	oil palm
Benin	Green Waves		250,000	sunflower
Congo Brazzaville	ENI	350	70,000	oil palm
Congo Brazzaville	Fri-EL Green Power		40,000	oil palm
Ethiopia	Fri-EL Green Power	7.2	30,000	jatropha, oil palm
Ethiopia	Nuove Iniziative Industriali		40,000	jatropha
Guinea	Nuove Iniziative Industriali		710,000	jatropha
Kenya	Nuove Iniziative Industriali		50,000	jatropha
Madagascar	TRE-Tozzi Renewable Energy	300	100,000	jatropha
Madagascar	Delta Petroli	70	30,000	jatropha
Madagascar	Troiani & Ciarocchi		100,000	jatropha
Mozambique	Aviathrough Aviam Ltd	16	10,000	jatropha
Mozambique	Seci Api Biomasse	15	6,300	jatropha
Mozambique	Bioenergy Italia SpA	20	120	jatropha
Mozambique	Moncada Energy Group Srl	27	15,000	jatropha
Mozambique	Moncada + Petromoc	15	10,000	
Mozambique	MedEnergy Global	85	10,000	oil palm
Mozambique	Società Fondiaria Industriale Romagnola	60	8,600	sugar cane
Mozambique, Sierra Leone	CIR Group	4	45,000	oil palm
Nigeria	Fri-EL Green Power		100,000	oil palm
Senegal	Nuove Iniziative Industriali		50,000	jatropha
Total		970	1,987,020	

Source: Re:Common. Blank means info not available. Detailed version available on request.



GRAIN is a small international non-profit organisation that works to support small farmers and social movements in their struggles for community-controlled and biodiversity-based food systems. GRAIN produces several reports each year. They are substantial research documents providing in-depth background information and analysis on a given topic.

The complete collection of GRAIN reports can be found on our website at <http://www.grain.org/article/categories/14-reports>

GRAIN,
Girona 25 pral., 08010 Barcelona, Spain
Tel: +34 93 301 1381, Fax: +34 93 301 16 27
Email: grain@grain.org
www.grain.org